

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Glendon, President and CEO
Sprague Energy Corp.
Two International Drive, Suite 200
Portsmouth, NH 03801-6809

**URGENT LEGAL MATTER
REQUIRES PROMPT RESPONSE**

Re: Reporting Requirement and Testing Order for Information Under Section 114 of the Clean Air Act, 42 U.S.C. § 7414(a)

Dear Mr. Glendon:

This reporting requirement is part of an EPA investigation to determine whether Sprague Energy Corp. (Sprague) has violated sections of the Clean Air Act (Act), 42 U.S.C. § 7401 et seq., at its terminal locations in New England.

EPA issues this reporting requirement pursuant to Section 114 of the Act, 42 U.S.C. § 7414. Under Section 114, EPA may require any person who is subject to any requirement of the Act to: establish records; make reports; sample emissions at the location and in the manner prescribed by EPA; and provide other information that EPA requires.

Reporting Requirement

Pursuant to this authority, EPA directs you to provide the following information within 60 days of receipt of this letter.

The following questions, numbered 1 through 3, relate to the following Sprague facilities in New England:

- Avery Lane Terminal in Newington, NH
- Bucksport terminal in Bucksport, ME
- Everett Terminal in Everett, MA
- Merrill's Marine Terminal in Portland, ME
- New Bedford Terminal in New Bedford, MA
- Portsmouth Terminal in Portsmouth, NH
- Providence Terminal in Providence, RI
- Quincy Terminal in Quincy, MA
- River Road Terminal in Newington, NH
- Searsport Terminal in Searsport, ME
- South Portland Terminal in South Portland, ME

- Stamford Terminal in Stamford, CT
 - TRT Terminal in Quincy, MA
1. Provide the following information about Sprague:
 - a. Describe the ownership and business structure;
 - b. Indicate the date and state of incorporation;
 - c. List any partners or corporate officers;
 - d. List any parent and subsidiary corporations;
 - e. Provide the net worth of the company.
 2. For each Sprague facility listed above and for any other Sprague facilities located in New England that purchase, store, or distribute petroleum products:
 - a. Identify the types of fuels or petroleum products that are stored at each facility;
 - b. Provide a facility map, drawing, or schematic that identifies each tank and the type of material stored;
 - c. Provide a facility map, drawing, or schematic that identifies the location of any barge or truck loading systems.
 3. Identify the Sprague facilities located in New England that currently are capable of storing and/or distributing residual fuel oil (#6 oil) and/or asphalt products. For each facility that currently is capable of storing and/or distributing residual fuel oil (#6 oil) and/or asphalt products:
 - a. Provide the number of #6 oil and the number of asphalt storage tanks and the storage capacity (in gallons or barrels) of each tank;
 - b. Provide the date that each #6 oil and asphalt tank became operational;
 - c. Provide the total annual throughput of # 6 oil and the total annual throughput of asphalt products for each facility from 2006 to 2010 (in gallons and barrels);
 - d. Describe how #6 oil and asphalt products are delivered to each Sprague facility (by truck and/or barge);
 - i. If truck deliveries, provide the number of truck deliveries and type and quantity of material per year since January 1, 2006.
 - ii. If barge deliveries, provide the number of barge deliveries, type and quantities per year since January 1, 2006.
 - e. Provide the date, suppliers name, and originating refinery of each shipment of #6 oil or asphalt received at the facility since January 1, 2006;
 - f. Describe how #6 oil and asphalt products are shipped offsite (by truck and/or barge);
 - i. If shipped offsite by truck, provide the number of truck deliveries and type and quantity of material per year since January 1, 2006.
 - ii. If barged offsite, provide the number of barge deliveries, type and quantities per year since January 1, 2006.

The following questions, numbered 4 through 11 relate to any facility owned or operated by Sprague (not limited to New England facilities):

4. Provide sampling protocols, test results, and analysis for any “grab sample” composition testing (e.g., high heating value, specific gravity, sulfur content, hydrocarbon content, speciation testing, etc.) performed on shipments of #6 oil and/or asphalt to the facility since January 1, 2000.
5. Provide the sampling protocols, test results, and analysis of any air emissions testing from #6 oil storage tank vents or “head space” above the oil or asphalt.
6. Provide the sampling protocols, test results, and analysis of any air emissions testing from #6 oil and asphalt barge loading and truck loading operations.
7. Provide any calculations used to estimate annual or short term volatile organic compounds (“VOC”) and hazardous air pollutants (“HAP”) emissions from #6 oil and asphalt at any facility, including loading and unloading operations, storage tanks, material transfer (e.g., piping, pumps, etc.), wastewater, stormwater collection systems, or any other equipment used to handle #6 oil or asphalt at the facility.
8. Provide copies of any internal communications or external correspondence, including permit applications, emission statements, letters, reports, lab results, modeling results, etc., with the appropriate state environmental permitting authority, consultants, laboratories, or others, regarding VOC and HAP emissions from #6 oil or asphalt storage, transfer, or distribution at the facility.
9. Provide any information from the suppliers regarding hydrocarbon composition and content of #6 oil and asphalt received by the facility since January 1, 2000.
10. For Sprague customers located in New England that have purchased one million gallons or more per year of #6 oil or asphalt since January 1, 2006, provide the customer name, facility address, and quantity of #6 oil and asphalt purchased each year from 2006 to 2010.
11. Provide all information that Sprague has which identifies and/or describes any changes in the formulation of #6 oil and/or asphalt.

Testing Order

This Testing Order requires Sprague to sample tanks of #6 oil and asphalt for VOC and HAP content at all Sprague locations in New England. This Testing Order also requires Sprague facilities located in New England to sample any new shipments of #6 oil and asphalt for VOC and HAP content that are received until July 1, 2011.

12. Within 14 days of receipt of this Testing Order, Sprague shall submit to EPA a proposed protocol for sampling #6 oil and asphalt for VOC and HAP content. Sprague must collect a sample from each tank that currently contains #6 oil or asphalt. Furthermore, within 7 days of a delivery, Sprague must sample all new shipments of #6 oil or asphalt received at New England facilities to determine VOC and HAP concentration through July 1, 2011.
 - a. Samples shall be collected in accordance with EPA’s Office of Solid Waste and Emergency Response (“OSWER”) Directive 9360.4-07 issued January 1991 titled “Compendium of ERT Waste Sampling Procedures.”
 - b. Proper chain of custody procedures shall be followed for sample collection as described in the OSWER Directive 9360.4-07, including, but not

limited to, labeling each sample with sample date, time and location, and securing samples until they are received by the laboratory.

- c. The samples shall be analyzed by an independent laboratory using methods contained in "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods" ("SW-846"). Specifically, EPA Method 8260B shall be used to determine VOC and HAP content in the sample.
 - d. Based on discussions with Sprague or a review of the information submitted in response to the above Reporting Requirement, EPA may revise the sampling scenario.
13. Within 30 days of receipt of this Testing Order, Sprague shall revise and resubmit the sampling protocol in accordance with any written EPA comments or required changes. EPA shall approve, approve with conditions, or disapprove Sprague's test protocol in writing.
14. Within 45 days of receipt of this Testing Order, Sprague shall collect samples of #6 oil and asphalt from all tanks at New England facilities and have them analyzed for VOC and HAP content. Through July 1, 2011, Sprague shall sample all new shipments of #6 oil and asphalt within 7 days of delivery to determine VOC and HAP content. No sampling shall be conducted without an approved protocol.
15. Within 30 days of collecting each sample, Sprague shall submit a report of VOC and HAP concentration data to EPA. Each report must include:
- a. Date and time of sample collection;
 - b. Temperature of sample at time of collection;
 - c. Location of sample collection (facility name and tank identification);
 - d. A description of any deviations from sampling or analysis techniques described in the protocol;
 - e. Identify the date, supplier's name, and originating refinery of each batch of #6 oil or asphalt that is sampled by the facility.

Submissions required by this letter shall be mailed to all of the following:

Elizabeth A. Kudarauskas
US EPA Region I
5 Post Office Square, Suite 100
Mail Code: OES-04-2
Boston, Massachusetts 02109-3912

EPA may choose to require Sprague to conduct future emissions testing of VOC and HAP emissions from the storage and distribution of #6 oil and asphalt. If such additional testing is required, EPA will provide written notice to Sprague.

Be aware that if Sprague does not provide all the information required under the Reporting Requirement in a timely manner, fails to timely submit a test protocol in accordance with EPA's requirements, fails to conduct the required emissions test in a timely manner, or fails to submit a timely and complete test report, EPA may order it to comply and may assess monetary penalties under Section 113 of the Act, 42 U.S.C. § 7413. Note that federal law also establishes criminal penalties for providing false information to EPA. This letter is not subject to Office of Management and Budget review pursuant to the Paperwork Reduction Act, 44 U.S.C. Chapter 35.

Sprague may, if desired, assert a business confidentiality claim covering part or all of the information requested, in the manner described by 40 C.F.R. §2.203(b). Note that certain categories of information, such as emissions data, are not properly the subject of such a claim. If no such claim accompanies the information when it is received by EPA, the information may be made available to the public by EPA without further notice to Sprague. Please be aware that states may have different rules and regulations governing the protection of confidential business information.

If you have any questions regarding this Reporting Requirement and Testing Order, please contact Environmental Engineer Elizabeth Kudarauskas, at (617) 918-1564, or have your attorney call Senior Enforcement Counsel Thomas Olivier at (617) 918-1737.

Sincerely,

Susan Studlien, Director
Office of Environmental Stewardship

Enclosure

cc: Pamela Monroe, NH DES
Robert Girard, CT DEP
Ted Burns, RI DEM
Kurt Tidd, ME DEP
Ed Pawlowski, MA DEP Northeast Regional Office
Laurel Carlson, MA DEP Southeast Regional Office